

Trustee agenda update: current legal issues

For March 2021 meetings

DC schemes

Welcome to our monthly update on current legal issues for trustees of DC pension schemes, designed to help you stay up to date with key developments between trustee meetings, and to support the legal update item on your next trustee agenda.

Pension Schemes Act **UPDATED**

The Pension Schemes Bill has received Royal Assent and is now an Act: **read the Act**.

The Act includes new governance and risk management arrangements relating to climate risks and opportunities, provisions to limit transfer rights, and frameworks for collective DC schemes and for pensions dashboards.

We are expecting consultations on draft regulations (plus instruments setting out when the provisions of the Act come into force). The government is already consulting on regulations to implement the climate change related requirements: see next item.

The Minister has urged schemes to get dashboard-ready. The Pensions Dashboards Programme has published a **data standards guide** with information on the data elements that will be required for initial dashboards, and a **list of recommended actions**. Onboarding is currently expected to take place from 2022 (voluntary) and 2023 (mandatory).

ACTION: Work with administrators to identify issues and develop a project plan to prepare for the launch of pensions dashboards.

Upcoming climate change related duties **NEW**

The government is planning to implement new climate change related duties from 1 October 2021.

The government is consulting on regulations to implement its proposals, including: knowledge and understanding requirements in relation to climate-related risks and opportunities; governance, strategy and risk management activities; and monitoring and assessment duties. Once the new requirements are finalised, large pension schemes and master trusts will have only limited time to ensure compliance. **Read about the proposals**.

New guidance on assessing, managing and reporting climate related risks in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) is also available: **read the guidance**.

ACTION: Schemes that are expected to be in-scope for the first phase of the rollout of the new duties (schemes with £5 billion or more in assets, excluding annuities, and master trusts) should start preparing now.

Brexit: end of implementation period

Updated guidance is available on **data protection** and **cross-border pensions issues** following the end of the transitional period following the UK's withdrawal from the European Union. **Read our briefing on the new relationship**.

ACTION: Continue monitoring the situation and take professional advice/action, as appropriate.

Have your say

- The government is consulting on implementing its planned increase to normal minimum pension age from age 55 to 57 in April 2028. **Read the consultation** (the deadline for responses is 22 April 2021).

Watch this space

- We are expecting TPR to consult on changes to its Codes of Practice and to update TKU materials.
- We are waiting for the government response to a consultation on changes to DC governance and reporting requirements: **read about the proposals**.
- The government plans to introduce new advice and guidance requirements for members: **read about the proposals**.
- The government plans to consult on mandatory requirements for annual benefit statements for DC auto-enrolment vehicles, and on mandating the timing for sending annual statements: **read about the plans**.
- The government plans to introduce a *de minimis* pot size below which flat fees cannot be charged in default funds, and has said it will continue to monitor costs disclosure issues (and may legislate if there is insufficient voluntary uptake of industry templates): **read about the plans**.
- The government is considering solutions to the proliferation of small, deferred DC pension pots: **read the press release**.
- A new industry code of practice for transfers, including target timescales, is expected shortly: **read the consultation version**. Although aimed at DB transfers, PASA encourages the application of its best practice principles to DC transfers.

Need help with a pensions dispute? Visit [allenoverly.com/pensionsindispute](https://www.allenoverly.com/pensionsindispute).

Looking for resources on a range of DC-related issues? Visit [allenoverly.com/DCHQ](https://www.allenoverly.com/DCHQ).

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